



DEPARTMENT OF DEFENSE OFFICE OF SMALL BUSINESS PROGRAMS (OSBP) FY 2007 EXECUTIVE OVERVIEW

BACKGROUND

Congress recognized in the Small Business Mobilization Act of 1942 that small business concerns didn't have "economies of scale" necessary to compete with large plants and that a price differential might be required to keep such plants mobilized in support of war efforts. The Armed Services Procurement Act of 1947 established "...a fair proportion of total Federal purchases and contracts be placed with small business concerns" in peacetime and wartime. The 82nd Congress in 1951 determined in the early years of World War II that 100 large corporations received 67% of Federal prime contracts while 1/6th of Nation's small businesses closed their doors. Congress declared this mistake must not be repeated and that our mobilization program must extend down to small plants because they are the major source of our productive strength. The Small Business Act of 1953 created the Small Business Administration (SBA). It was later revised in 1978 to establish Federal prime contract and subcontracting goals.

CURRENT POLICY

Federal Acquisition Regulation (FAR) 19.201 – The Government's policy is to provide "maximum practicable" prime and subcontract opportunities to small business. Goals & targets are assigned in various small business categories to ensure this policy is fulfilled.

Small Business Administration Office of Advocacy News Release, 2/9/2006:

- More than 24 million small businesses located throughout the U.S.
- Represent 99.7% of all employers are small business
- Small businesses employ about 50% of non-farm private sector workers
- Small businesses generate more than 65% of America's net new jobs

SMALL BUSINESS PROGRAM GOALS/TARGETS

Prime Contract Goals/Targets FY 2007		
Prime contract goals/targets expressed as % of total \$ to US Firms except HBCU/MI which is expressed as % of total \$ to Higher Educational Institutions (HEI); Goals/Targets established based upon product/service mix & previous accomplishments (Outside U.S. & nonappropriated fund expenditures excluded)		
	Government-Wide	DoD
Small Business Program	Statutory (SBA Administrators)	Annually Negotiated between SBA & DoD OSBP
SB	23%	23.0%
SDB*	5%	5.8%
WOSB	5%	5.0%
SD-VOSB	3%	3.0%
HUBZone	3%	3.0%
HBCU/MI	None	5.0%

Subcontract Goals FY 2007		
Subcontract goals are expressed as % of total \$ subcontracted		
Subcontract goals are negotiated in each contract >\$550,000 (\$1M, if construction) except for DoD Comprehensive Subcontracting Plan Test Program Participants		
	Government-Wide	DoD
Small Business Program	Statutory (Administered by SBA)	Annually Negotiated between SBA & DoD OSBP
SB	None	35%
SDB**	5%	5%
WOSB	5%	5%
SD-VOSB	3%	3%
HUBZone	***	***
HBCU/MI	None	5%

* SDB includes 8(a)

** SDB includes 8(a) & HBCU/MI

*** Required to negotiate goals in each subcontract

Goals are negotiated annually between the DoD OSBP and each DoD Component, OSBP.

ACRONYMS: Small Business (SB); Small Disadvantaged Business (SDB); Woman-Owned Small Business (WOSB); Service-Disabled Veteran-Owned Small Business (SD-VOSB); Historically Underutilized Business Zone (HUBZone); Historically Black Colleges & Universities/Minority Institutions (HBCU/MI); Small Business Specialist (SBS); Office of Small Business Programs (OSBP); Small Business Administration (SBA)

OFFICE OF SMALL BUSINESS PROGRAMS (OSBP)

DoD is required by statute to implement eight *basic* small business programs. An awardee may possibly meet requirements of seven of these categories at the same time with the DoD receiving credit in all seven programs.

Small Business (SB) – Located in U.S, organized for profit, including affiliates is independently owned & operated, not dominant in field of operations in which it is bidding on Government contracts, AND meets Small Business Administration (SBA) size standards included in the solicitation. The size standard is based upon the North American Industrial Classification Standard (NAICS) assigned to the specific procurement dependent upon product/service purchased. Self-certify. **Set-aside authority.**

Woman-Owned Small Business (WOSB) – Small Business, at least 51% owned by ≥ 1 women, AND management & daily business operations controlled by ≥ 1 women.

Small Disadvantaged Business (SDB) – Small Business, unconditionally owned & controlled by ≥ 1 socially & economically disadvantaged individuals who are of good character & citizens of the U.S., AND SBA-certified.

Small Disadvantaged Business 8(a) Certified [8(a)] – Small Business, SBA-certified as a SDB, AND SBA-certified into the 8(a) Business Development Program for a period of 9 years. **Set-aside & limited sole source authority.**

Historically Underutilized Business Zone (HUBZone) – Small Business, owned & controlled 51% or more by ≥ 1 United States citizens, AND SBA-certified as a HUBZone concern (principal office located in an economically-distressed HUBZone area AND ≥ 35% of employees live in any designated HUBZone). **Set-aside & limited sole source authority.**

Veteran-Owned Small Business (VOSB) – Small Business, veteran-owned as defined in 38 USC 101(2), ≥ 51% owned by ≥ 1 veterans, AND management & daily operations controlled by ≥ 1 veterans.

Service-Disabled Veteran Owned Small Business (SD-VOSB) – Small Business, veteran-owned, ≥ 51% owned by ≥ 1 service-disabled veterans, AND management & daily business operations controlled by ≥ 1 service disabled veterans OR in the case of veteran with permanent & severe disability, the spouse or permanent caregiver of such veteran, AND with 0% - 100% service-connected disability as defined in 38 USC 101(16) & documented on DD 214. Self-certify. **Set-aside & limited sole source authority.**

Historically Black Colleges & Universities/Minority Institutions (HBCU/MI) – HBCU is an accredited institution established before 1964 whose principal mission is education of black Americans. MIs are institutions meeting requirements of Higher Education Act of 1965 and Hispanic-serving institutions defined at 20 USC 1059. The Secretary of Education must designate HBCUs/MIs. A list can be located at <http://www.ed.gov/about/offices/list/ocr/edlite-minorityinst.html>

SPECIAL FUNDED SMALL BUSINESS PROGRAMS

Mentor-Protégé Program – Seeks to encourage major DoD prime contractors (mentors) to develop technical and business capabilities of small business protégés who qualify as small disadvantaged businesses (SDBs), woman-owned small businesses, & service-disabled veteran-owned small businesses http://www.acq.osd.mil/osbp/mentor_protége

Small Business Innovation Research (SBIR)/Small Business Technology Transfer (STTR) – Competitively selected proposals funding early stage research and development projects at small technology companies; projects serve a DoD need & have commercial applications <http://www.acq.osd.mil/osbp/sbir/index.htm>

FUNCTIONAL ORGANIZATION

- **DoD Director, OSBP (Acting)** – Ms. Linda Oliver; direct report to The Honorable James Finley, Deputy, USD for Acquisition, Technology & Logistics (DUSD (AT&L)); responsible for management & oversight of DoD Office of Small Business Programs.
- **Director, OSBP** – located at each DoD Component; reports to the Agency Head or the Agency Head's Deputy in accordance with DoDD 4205.1; responsible for management & oversight of OSBP for assigned Component.
- **Assistant/Associate/MAJCOM Director of Small Business** – located at each major contracting activity or major contract administration activity; reports to the head of the activity or second in command in accordance with DoDD 4205.1; responsible for management & oversight of OSBP for assigned activity.
- **Small Business Specialist (SBS)** – located at each buying activity; full-time position at major contracting activity; reports to Base/Installation Commander; Subject Matter Expert; responsible for general guidance, program management oversight, & small business advocacy at assigned buying activity. For links to lists of DoD SBSs, see: http://www.acq.osd.mil/osbp/doing_business/index.htm
- **Contract Personnel & Program Managers** – Involve SBS in acquisition planning as early as possible; coordinate small business strategy with SBS on actions >\$10,000; comply with FAR Parts 19/26; participate in outreach & internal/external training events.